



DAVE YOST

OHIO ATTORNEY GENERAL

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SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT is made by and between Kenton Lodge No. 428, Loyal Order of Moose, Inc. (“LOOM #428”), located at 801 W Lima St., Kenton, OH 43326, and the Attorney General of Ohio (“Attorney General”), for the purpose of resolving issues regarding LOOM #428’s charitable bingo operations. Together, the Attorney General and LOOM #428 are referred to hereinafter as “the parties.”

1. The Attorney General is responsible for the administration and enforcement of Ohio Revised Code Section 2915 (“ORC 2915 *et seq.*”), and the Ohio Administrative Code rules adopted thereunder, which regulate the conduct of charitable bingo in the state of Ohio;
2. The Attorney General is responsible for the enforcement of Ohio Revised Code Section 1716 (“ORC 1716 *et seq.*”), and the Ohio Administrative Code rules adopted thereunder, which requires, among other things, that every charitable organization, unless exempt, who intends to solicit contributions in this state by any means or have contributions solicited in this state on its behalf by any person or entity, prior to engaging in any solicitation, shall file a registration statement and other documentation with the Attorney General;
3. The Attorney General is responsible for the enforcement of Ohio Revised Code Section 109 (“ORC 109.23-33”), and the Ohio Administrative Code rules adopted thereunder, and, in particular, ORC 109.24, which reads, “[t]he Attorney General shall institute and prosecute a proper action to enforce the performance of any charitable trust and to restrain the abuse of it”;
4. The Attorney General has authority to refuse to grant a charitable bingo license to an organization, may revoke or suspend the organization’s license, or may place limits, restrictions, or probationary conditions on the organization's license for a limited or indefinite period;
5. LOOM #428 is a 501(c)(8) tax exempt organization with the Internal Revenue Service (“IRS”). LOOM #428 is registered with the Attorney General as required under ORC Sections 1716 and 109;
6. LOOM #428 was first issued bingo license no. 0178-38 in 2003;
7. On or about December 1, 2023, LOOM #428 filed a 2024 bingo license application. The Office issued LOOM #428 a temporary 2024 Charitable Bingo License on December 4, 2023 for instant and electronic instant bingo conducted other than at a bingo session. The Office has not yet issued a permanent 2024 Charitable Bingo License for LOOM #428;

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8. In late 2022 or early 2023, Loyal Order of Moose Territory Managers Bill Rader and Steve Hummel conducted a visit to LOOM #428 for a routine audit of the Lodge's books and finances. During this audit, Hummel noticed a "donation income" on LOOM 428's bank statement, which appeared unusual for a Lodge to receive such a donation. Hummel researched the account, and saw the description said, "Big Brothers Big Sisters."
9. Big Brothers Big Sisters West Central Ohio ("Big Brothers Big Sisters") had been the contracted charity for LOOM #428 continuously since 2015, and therefore was contractually entitled to receive the charitable portion of LOOM #428's bingo revenue.
10. Hummel and Rader researched the issue and learned that Big Brothers Big Sisters had, for years, been returning a portion of its share of LOOM #428's bingo revenue back to LOOM #428 in the form of "rent payments."
11. Hummel and Rader self-reported this issue to the Office on or about March 2023 on behalf of the Loyal Order of Moose.
12. The Office conducted an independent investigation, focusing on the years 2018 through 2023 ("the Investigation").
13. The Investigation revealed that Annual "rent" payments from Big Brothers Big Sisters varied wildly and seemingly without reason, for instance, Big Brothers Big Sisters paid \$68,000 for rent in 2019, and just two years later in 2021 paid \$170,000. These variations may have been tied to needs of the LOOM #428 facility such as paving or property improvements.
14. During bingo reporting periods of 2018 to 2022, LOOM #428 disbursed \$655,321.15 to its contracted charity, Big Brothers Big Sisters. But by unwritten arrangement with LOOM 428, most of that money was not used for charity as intended and required. Instead, Big Brothers Big Sisters kicked-back \$513,560.11 to LOOM #428's general account over the same period, keeping only \$141,761.04 – 21% of the total amount it was entitled to; just 7.9% of the bingo proceeds.
15. Over this five-year period, Big Brothers Big Sisters paid LOOM #428 an average of \$8,559 per month – over \$102,000 per year – for the rental of a small basement office space, that was used infrequently, and the occasional use of the basement banquet room of LOOM #428's Lodge building.
16. This rental agreement is unreasonable and was, in effect, merely a mechanism whereby LOOM #428 could retain more of its bingo revenue than was lawful, thereby disbursing less than the required amount to charity.
17. In October 2022, LOOM #428 and Big Brothers Big Sisters created a "Rental Contract" purportedly reflecting their understanding of rental relationship going back to 2009. This agreement was signed for LOOM #428 by Tony Haudenschild and for Big Brother Big Sisters by John Neville.

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18. Board members of LOOM #428 were unaware of this situation. Once notified, LOOM 428 removed their Administrator Tony Haudenschild and their Financial Review Chairman Robert Stuck.
19. LOOM #428 has an investment account with Edward Jones with over \$426,000. LOOM #428 has an investment account with LPL Financial with over \$267,000.
20. LOOM #428 has replaced Big Brothers Big Sisters as its contracted charity with Angels for the Elderly, Moose Museum, and Dolly Parton Imagination Library as of April 16, 2023.
21. The Office regards the foregoing conduct as a breach of fiduciary duties under ORC 109.23 and 1716.15. The Office further regards the foregoing conduct as violating ORC 2915.101 and ORC 2915.13.

NOW THEREFORE, in consideration of the mutual promises herein expressed, and with intent to be legally bound, the parties agree as follows:

- A. LOOM #428 will pay \$513,560.11 (“the Restitution Amount”) to the Attorney General’s Office as restitution for the Attorney General to redistribute for charitable purposes in Ohio in his sole discretion;
 - a. LOOM #428 shall pay the Restitution Amount by wire transfer with receipt acknowledged, or by cashier’s check or money order payable to “Treasurer, State of Ohio” and delivered to: Ohio Attorney General, Charitable Law Section, Attn: Chief Accountant, 30 E. Broad St., 25th Floor, Columbus, OH 43215.
 - b. The Restitution Amount shall be paid contemporaneous with delivery of an executed copy of this Agreement to the Attorney General. Within two business days of receiving notice that LOOM #428 intends to pay the Restitution Amount by wire transfer, the Attorney General shall provide wire transfer instructions. The Attorney General shall deposit the Restitution Amount into his R004 Settlement Fund.
- B. LOOM #428 will pay the Attorney General’s Office \$15,000 in civil penalties (“the Penalties Amount”);
 - a. LOOM #428 shall pay the Penalties Amount by wire transfer with receipt acknowledged, or by cashier’s check or money order payable to “Treasurer, State of Ohio” and delivered to: Ohio Attorney General, Charitable Law Section, Attn: Chief Accountant, 30 E. Broad St., 25th Floor, Columbus, OH 43215.

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- b. The Penalties Amount shall be paid contemporaneous with delivery of an executed copy of this Agreement to the Attorney General. Within two business days of receiving notice that LOOM #428 intends to pay the Penalties Amount by wire transfer, the Attorney General shall provide wire transfer instructions. The Attorney General shall deposit the Penalties Amount into the charitable law fund established under R.C. 109.32.
- C. LOOM #428 agrees that Tony Haudenschild and Robert Stuck will never hold a fiduciary position with LOOM 428 again;
- D. All Board Members are required to complete the Office's Charitable University within 90 days of execution of the AOD, and provide evidence of completion to the Office;
- E. All Board Members are required to attend the Office's Bingo School within 90 days of execution of the AOD, and provide evidence of completion to the Office;
- F. LOOM #428 and all Board Members would agree to cooperate with any future investigation related to LOOM 428 or persons and entities involved with LOOM 428, conducted by the Office;
- G. If LOOM #428 fails to comply with the payment requirements above, the Attorney General shall certify the unpaid balance of the payment to the Ohio Attorney General's Collections Enforcement Section ("Collections") for collection. In the event of certification, LOOM #428 agrees to pay additional collection costs assessed by Collections in accordance with Ohio Revised Code Section 131.02(A) equal to the amounts charged pursuant to Ohio Revised Code Sections 109.08 and 109.081 for the cost of certification and the use of Special Counsel for the collection of the debt. Interest shall also be charged upon certification in accordance with Ohio Revised Code Section 131.02(D). Nothing in this paragraph should be construed to limit the Attorney General's discretion to pursue any other available remedy;
- H. LOOM #428 agrees to comply with all state and federal laws relating to charitable gaming, and to fully cooperate with all state and federal authorities conducting investigations of LOOM #428's charitable gaming operations;
- I. LOOM #428 agrees to comply with the requirements of ORC 2915 *et seq.*, and any Ohio Administrative Code rules adopted thereunder;
- J. LOOM #428 agrees to comply with the requirements of ORC 1716 *et seq.* (the Ohio Charitable Organizations Act), and any Ohio Administrative Code rules adopted thereunder;
- K. LOOM #428 agrees to comply with the requirements of ORC 109.23-109.33 (the Charitable Trust Act), and any Ohio Administrative Code rules adopted thereunder;
- L. The Attorney General will issue LOOM #Wit428 its Bingo License for 2024 and will not consider the facts giving rise to this SETTLEMENT AGREEMENT when issuing

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charitable bingo licenses to LOOM #428 in the future unless LOOM #428 fails to comply with any provision of this SETTLEMENT AGREEMENT. In that event, the Attorney General may consider the facts giving rise to this SETTLEMENT AGREEMENT when determining whether to issue or deny future bingo licenses to LOOM #428 and may move to revoke, suspend, deny, place limitations or probationary terms on LOOM #428's Charitable Bingo License or application based on those facts;

- M. LOOM #428 agrees that any evidence of a violation of this SETTLEMENT AGREEMENT shall be *prima facie* evidence of LOOM #428's violation of the applicable laws related to charitable gaming, ORC 2915 *et seq.*, ORC 1716 *et seq.*, ORC 109.23-109.33, or any Ohio Administrative Code rules adopted thereunder, in any subsequent action or proceeding brought by the Attorney General;
- N. This SETTLEMENT AGREEMENT is binding upon the parties, any and all successors, assigns, subsidiaries, agents, employees, or representatives of the parties or any other affiliates. Any breach of this SETTLEMENT AGREEMENT by LOOM #428 will discharge the Attorney General from any obligations under the terms of this SETTLEMENT AGREEMENT, but will not discharge LOOM #428 from any obligation it has under this SETTLEMENT AGREEMENT;
- O. By signing this SETTLEMENT AGREEMENT, the Attorney General is not waiving any rights he has to conduct further investigations of LOOM #428 and to initiate an action against LOOM #428 for further violations of ORC 2915 *et seq.*, ORC 1716 *et seq.*, ORC 109.23-33, or any Ohio Administrative Code rules adopted thereunder;
- P. This SETTLEMENT AGREEMENT may be modified in writing by the parties. Modifications are at the sole discretion of the Attorney General;
- Q. The parties have read and understand this SETTLEMENT AGREEMENT and have entered into the same knowingly, voluntarily, and with the opportunity to gain advice of counsel;
- R. This SETTLEMENT AGREEMENT supersedes any and all prior agreements between the Parties;
- S. This SETTLEMENT AGREEMENT is a limit, restriction, or probationary condition on LOOM #428's charitable bingo license; and
- T. This SETTLEMENT AGREEMENT is entered into by both parties and may be executed in counterparts or facsimiles, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. It shall be considered binding and effective upon the date of the last signature of all requisite parties and individuals.

The parties to this SETTLEMENT AGREEMENT have either executed it or caused it to be executed by their duly authorized representatives as evidenced by the signatures below:

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LOOM #428

Jeff Ross _____ Date 2-28-24

By: Jeff Ross _____ (Print Name)


Its: PRESIDENT _____ (Organizational Title)

Dean Gammon _____ Date 2-28-24

By: Dean Gammon _____ (Print Name)

Its: Administrator _____ (Organizational Title)

OHIO ATTORNEY GENERAL DAVE YOST

By:  _____ Date 03/04/24
Daniel W. Fausey
Section Chief, Charitable Law Section